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RUEHBO/AMEMBASSY BOGOTA 2823
RUEHBR/AMEMBASSY BRASILIA 6694
RUEHBU/AMEMBASSY BUENOS AIRES 3908
RUEHCV/AMEMBASSY CARACAS 1269
RUEHPE/AMEMBASSY LIMA 1163
RUEHMN/AMEMBASSY MONTEVIDEO 3530
RUEHQT/AMEMBASSY QUITO 3910
RUEHSG/AMEMBASSY SANTIAGO 8422
RHMFISS/HQ USSOUTHCOM MIAMI FL
RUMIAAA/USCINCSO MIAMI FL
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C O N F I D E N T I A L SECTION 01 OF 02 LA PAZ 000205

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TAGS: [ECON](#) [PGOV](#) [PREL](#) [BL](#)
SUBJECT: EARLY WARNING SIGNS?

Classified By: Amb. David N. Greenlee for reasons 1.4 (b) and (d).

11. (C) Summary: President Morales' first week in office has brought public and private reassurances that his government will cooperate with the USG and respect democracy and the rule of law, but there are also some early warning signs that the new government may undermine democratic institutions. To date, Morales has skipped over three classes of eligible generals in naming the new military high command, has signaled that U.S. military officials might have limited access to Bolivian military installations, has blurred lines between the executive and legislative branches by inviting congressional leadership to live with him in his official residence, has slashed executive branch salaries, and has moved toward limiting freedom of the press. These signs could be insignificant GOB bungling, or they could be something more. End summary.

12. (C) President Morales' first week in office has brought public and private reassurances that his government will cooperate with the USG and respect democracy and the rule of law. In a meeting with a visiting staffdel (see septel) on January 25, Vice-President Alvaro Garcia Linera said all the right things -- that the GOB will work with the U.S. on counternarcotics, that it recognizes the importance of free trade, and that the GOB realizes that it cannot fully function without U.S. assistance. Garcia Linera promised that the GOB will not expropriate private property without just compensation, and that Bolivia will follow its own path instead of that of its Bolivarian neighbors, stating that "countries don't have friends, only interests."

13. (C) Despite these assurances, the new Morales government has made some erratic and potentially troubling decisions in its first week. In naming a new military high command, Morales cleaned house, using the still-brewing MANDPADs scandal as pretext. He skipped over three classes of eligible generals and sent large numbers of capable officers into mandatory retirement so he could appoint MAS supporter Wilfredo Vargas Valdez as the new commander of the armed forces. According to one source, Vargas has hinted, but has not officially declared, that U.S. military officials might have limited (or no) access to Bolivian military installations.

¶4. (C) Additionally, President Morales has blurred lines between the executive and legislative branches by inviting congressional leadership to live with him in his official residence. Fulfilling his promise, he has slashed executive branch salaries. Morales is leading by example (his own salary dropping from approximately 30,000 bolivianos, or \$3750, per month to 15,000 bolivianos, or \$1875, monthly), but has declared that no government official can earn more than him, thus requiring drastic cuts in public sector salaries across the board. Some political analysts believe that the salary reduction is a tactic to force high-level bureaucrats to resign or to intimidate them into following the party line.

¶5. (C) The MAS faction in Congress is also working on a bill to limit press freedoms. A MAS deputy told us that the bill will set norms for the media, emphasizing more responsible, less sensationalist coverage that avoids personal attacks and offenses. The media labor union stated that it would attempt to block passage of the law, and would take to the streets in protest. Morales' spokesman, Alex Contreras, went on the defensive, stating that the law would not undermine freedom of the press and promising to allow widespread discussion of the bill before it comes to a congressional vote. Embassy contacts also tell us that the GOB is assembling its own government television station, which would operate in addition to official Bolivian TV, and that Venezuela plans to help install radio stations for their "literacy" program.

¶6. (C) Comment: These early signs, when viewed separately, don't necessarily set off alarm bells. But taken together, they could be signals of the new GOB's intent to undermine

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democratic institutions. They could also signal little more than the mis-steps of a government with no experience in manipulating the levers of power, and unaware of the consequences that might flow from these. Still, for many observers, the benefit of the doubt has begun to erode. End comment.
GREENLEE